

# VALUE-UP PROPOSAL FOR KOREA ZINC THROUGH CORPORATE GOVERNANCE REFORM

February 2026



**MBK**  
PARTNERS

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# Executive Summary

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- Since last year’s Annual General Meeting (“AGM”), Korea Zinc (the “Company”) has continued to demonstrate corporate governance failures pointed out by the MBKP-Young Poong Consortium (the “MBKP-YP Consortium,” or the “Consortium”).
  - There is a pattern in Korea Zinc’s governance failures: (i) undisciplined capital allocation and value leakage, (ii) entrenchment-driven actions that dilute other shareholders and strain the Company’s balance sheet and (iii) “governance engineering” that heightened legal and regulatory risk.
  - Major decisions continue to bypass meaningful board scrutiny—including the TMC investment, which was brought to the board ex-post despite exposing the Company to a high-risk project with unresolved international regulatory uncertainties.
  - These failures have persisted throughout 2025, leading to rising leverage, continued losses in non-core ventures and failures to meet the Company’s commitments made to shareholders.
  - In addition, new concerns over management credibility intensified amid allegations of undisclosed proxy solicitation with the minority shareholder platform ACT, including the use of corporate funds to influence shareholder voting rights and mobilize minority shareholders in support of the incumbent management.
- Korea Zinc’s shareholders delivered a clear mandate for stronger oversight at the 2025 AGM by electing three Consortium-nominated directors—an important step toward restoring checks and balances. However, the board remains controlled by the directors nominated by Chairman Choi, which renders it difficult to insulate management from accountability and limit the prospect of substantive reform despite sustained engagement by the Consortium-nominated directors.
- The MBKP-YP Consortium remains committed to improving Korea Zinc’s governance; to restore accountability, instill discipline in capital deployment and safeguard the interest of all shareholders. The Consortium will continue its efforts to enhance Korea Zinc’s core competitiveness and ensure that company resources are deployed transparently, prudently and in a manner that maximizes long-term shareholder value.

# Agenda

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## **1. Persistent Governance Failures by Chairman Choi and the Board of Directors**

- Misappropriation of Corporate Assets and Failure of Capital Allocation
- Managerial Entrenchment Despite Erosion of Shareholder Value
- Collapse of Corporate Governance and Escalating Legal and Regulatory Risks

## **2. Limited Governance Progress Driven by MBKP–YP Intervention Since the 2025 AGM**

## **3. Major Governance Update Since the Last AGM: Project Crucible**

## **4. Governance Reform Imperatives for Korea Zinc**

## **Appendix**

# 1. Persistent Governance Failures by Chairman Choi and the Board of Directors

# Unresolved and Escalating Governance Failures

- Under Chairman Choi, Korea Zinc has exhibited a recurring pattern of governance failures. Corporate assets were deployed in ways that raised concerns, reflecting persistently weak discipline. Value-destructive entrenchment tactics and governance engineering heightened legal and regulatory risk, undermining trust and shareholder value.
- Despite repeated warnings by the Consortium and the election of three Consortium-nominated directors at the last AGM, meaningful change remains constrained as the board is still controlled by directors nominated by Chairman Choi.

## Overview of Governance Failures under Chairman Choi

		Recap	New Developments	
A	Mis-appropriation of Company Assets	One Asia Partners Fund	<ul style="list-style-type: none"> <li>■ Investment in a newly established fund based on Chairman Choi's personal relationship without board approval</li> </ul>	<ul style="list-style-type: none"> <li>■ New evidence suggesting <b>more serious misappropriation and breach of fiduciary duty</b> related to Chungho Comnet</li> </ul>
		Igneo Holdings	<ul style="list-style-type: none"> <li>■ Acquisition of a capital-impaired U.S. company without sufficient board review of due diligence or valuation</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>U.S. court approval of a Section 1782 discovery process</b>, opening the gates for further investigation into any wrongdoing</li> </ul>
		The Metals Company (TMC)	<ul style="list-style-type: none"> <li>■ N/A</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Investment</b> in a U.S. company with uncertain commercial viability and potential international law violations <b>without prior board approval</b></li> </ul>
		Sale of Hanwha Shares	<ul style="list-style-type: none"> <li>■ Alleged sale of Hanwha shares <b>below fair value</b></li> </ul>	
B	Managerial Entrenchment Despite Erosion of Shareholder Value	<ul style="list-style-type: none"> <li>■ <b>Shareholder dilution</b> for friendly ownership</li> <li>■ <b>General offering</b> attempt and debt-funded, high-price <b>self-tender</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Under investigation for <b>potential violations of Korea's Capital Markets Act</b> – two rounds of search and seizure conducted last year</li> </ul>	
C	Escalating Legal and Regulatory Risks	<ul style="list-style-type: none"> <li>■ Repeated creation of <b>circular-shareholding structures</b> to restrict the largest shareholder's voting rights—Governance “engineering” that increases legal challenge and regulatory scrutiny</li> </ul>		
D	Compromised Shareholder Integrity	<ul style="list-style-type: none"> <li>■ <b>Failure to pay interim dividends</b> due to cash constraints stemming from the self-tender, despite amendments to the Aol allowing quarterly-dividend payments proposed by the Company in January</li> <li>■ <b>Paid minority-shareholder mobilization and vote-solicitation concerns in connection with ACT</b></li> </ul>		

# A Misappropriation of Corporate Assets

## One Asia Partners Fund Investment (1/2)

Under Investigation

- Shortly after Chairman Choi became CEO, Korea Zinc invested KRW553 billion in One Asia Partners, a new fund run by Mr. Ji Chang-bae, a long-time acquaintance of Chairman Choi, which has incurred a loss of about KRW230 billion.
- The deal points to serious governance failures, including (i) no board review and approval, (ii) no strategic fit with Korea Zinc’s business and (iii) unusually high fees.
- Since the last AGM, (i) Mr. Ji Chang-bae was convicted of misappropriating One Asia Partners’ assets and was sentenced to three years’ imprisonment with a four-year suspended sentence; and (ii) Korea Zinc’s investment in One Asia Partners was allegedly misappropriated to facilitate Chairman Choi’s personal exit from his investment in Chungho Comnet, a company in severe financial distress.

### Recap: Key Governance Failures

<p><b>No Board Review or Approval</b></p>	<ul style="list-style-type: none"> <li>■ Investment <u>without board resolution despite potential cronyism issue</u> (Mr. Ji and Chairman Choi are long-time friends)</li> <li>■ <u>Korea Zinc is the sole GP</u> in 6 out of 8 funds, with an average 96.7% ownership across 6 funds</li> </ul>
<p><b>Inappropriate and Unprofitable Investment</b></p>	<ul style="list-style-type: none"> <li>■ One Asia Partners’ investments (including in entertainment agency, travel agency, and real estate management company) were <u>irrelevant to Korea Zinc’s core business</u>, and incurred losses of about W230 bn out of W553 bn</li> </ul>
<p><b>Unusual Fee Structure</b></p>	<ul style="list-style-type: none"> <li>■ Despite Mr. Ji Chang-bae’s lack of a finance track record, One Asia Partners’ fee terms are unusually favorable, with management fees of 2.0–2.5% and carried interest of 20–50%, in some cases with 0% IRR hurdle</li> </ul>

### Major Updates from the Last AGM

<p><b>Mr. Ji Chang-bae Found Guilty</b></p>	<ul style="list-style-type: none"> <li>■ Mr. Ji Chang-bae was convicted of misappropriating Korea Growth #1 fund, in which Korea Zinc invested W64.3 bn (94.6% ownership). Mr. Ji was sentenced to 3 years in prison with a 4-year suspended sentence (October 21, 2025).</li> </ul>
<p><b>Misappropriation of Assets in relation to Chungho Comnet</b></p>	<ul style="list-style-type: none"> <li>■ Chairman Choi made personal investments in Chungho Comnet in October 2019, which was under severe financial distress.</li> <li>■ Chungho Comnet later sold its subsidiary (Sewon) to a newly established SPC for W20 bn, which alleviated Chungho Comnet’s financial distress. The acquisition of Sewon was funded through the issuance of bonds purchased by Korea Zinc, which was presumably repaid using capital injected from Arbitrage #1, a One Asia Partners fund in which Korea Zinc was a major LP (54.6% ownership).</li> <li>■ Due to this transaction, <u>Chairman Choi could exit his stake in Chungho Comnet at a higher share price.</u></li> </ul>

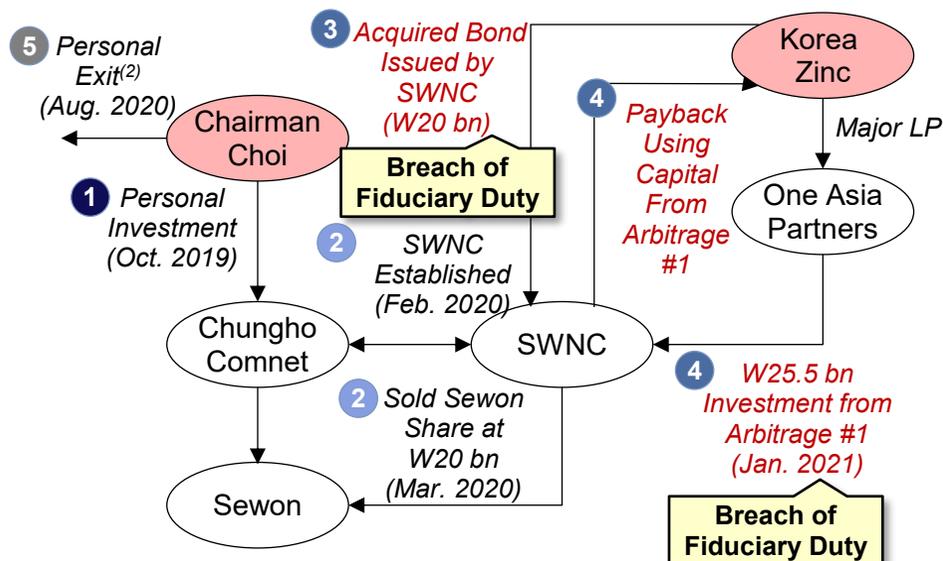
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# A Misappropriation of Corporate Assets

## One Asia Partners Fund Investment (2/2)

- One Asia Partners was allegedly mobilized in connection with Chairman Choi's exit from Chungho Comnet.
  - In October 2019, Chairman Choi made a personal investment in Chungho Comnet, an ATM manufacturer under financial distress. Chungho Comnet was run by Mr. Ji Chang-bae, who also managed One Asia Partners.
  - Chungho Comnet later sold its subsidiary, Sewon, to a newly established SPC (SWNC) for KRW20 billion, which alleviated its financial distress.
  - 4 The acquisition was presumably funded through the issuance of bonds purchased by Korea Zinc, which was later repaid using KRW25.5 billion injected from Arbitrage #1, a One Asia Partners fund in which Korea Zinc was a major LP.
  - Due to this transaction, Chairman Choi was able to exit his stake in Chungho Comnet at a profit<sup>(1)</sup>.
- Korea Zinc's (i) purchase of bonds issued by SWNC and (ii) investment in Arbitrage #1, the proceeds of which were used to repay the bonds, allegedly constitute a misappropriation of the Company's assets and a breach of fiduciary duty.

### Overview of the Alleged Misappropriation



### Key Governance Issues

- Breach of Fiduciary Duty**
  - Use of Korea Zinc's assets and its investment in One Asia Partners as vehicles for alleged misappropriation by Chairman Choi.
  - Korea Zinc financed SWNC's acquisition of Sewon shares by both (i) acquiring bonds issued by SWNC, and (ii) through Arbitrage #1 (a One Asia Partners' fund), which provided funds to SWNC to repay the same bonds held by Korea Zinc.
  - Chairman Choi's personal economic gains at the expense of Korea Zinc loss; Korea Zinc incurred losses from its investment in Arbitrage #1 (W19.3 bn).

Source: Media reports

(1) Driven by KRW20.0 proceeds from sale of Sewon shares, Chungho Comnet's share price rose to KRW8,800 per share from previous KRW2,900 per share level.

(2) Mr. Ji Chang-bae also held an investment in Chungho Comnet and exited the investment around the time of Chairman Choi's exit in 2020.

# A Misappropriation of Corporate Assets

## Igneo Holdings Acquisition

Under Investigation

- Korea Zinc acquired a U.S.-based electronic waste recycling company, Igneo Holdings (“Igneo”), in two phases, September and November of 2022, for a total of KRW582.0 billion.
- The board’s approval was based on insufficient information due to poor due diligence. As a result, Korea Zinc acquired a company with unverified capabilities at an excessive valuation, undermining one of its core new business initiatives.
- Notably, the investments were extraordinarily in favor of existing Igneo shareholders at the expense of Korea Zinc.
- Currently, the Consortium is going through 28 U.S.C. §1782 (the “1782 discovery process”) to obtain evidence of alleged misconduct by Chairman Choi in association with the Igneo acquisition.

### Recap: Key Governance Failures

#### Poor Due Diligence / Board Oversight

- Board discussion materials were a mere one-pager despite the size of the transaction.
- Post-acquisition, Igneo (i) underperformed even the revised projections, (ii) withdrew its reported capacity expansion plan, which was a key value creation initiative and (iii) depleted US\$150 mm of new capital within two years, despite cancellation of the capacity expansion.

#### Excessively High Valuation

- Igneo had negative equity at acquisition.
- At the time of acquisition, the business was believed to be valued at 7.4x 2025E EBITDA<sup>(1)</sup>. However, given its subsequent underperformance, it is hard to justify 2025E EBITDA estimate to be W68.0 bn; A rational 2025 EBITDA estimate should still have been negative, implying a fair acquisition value of zero.

### Major Updates from the Last AGM

#### Excessive Gains of Igneo’s investors

- CB investors reaped over 900% in returns
- Ordinary shareholders gained over 100x<sup>(2)</sup>.
- Tarsadia Group, the key shareholder of Igneo and MCC NFT, remain silent on the deal, despite significant returns.

#### Commencement of 1782 Discovery Process

- The 1782 discovery process allows to obtain evidence in the US for use in foreign proceedings. The requests are granted at the court’s discretion and is granted only when statutory requirements are met.
- The Consortium applied for the 1782 discovery in April 2025. Subsequently, Chairman Choi sought to quash the subpoenas twice, but the US court ultimately denied the motions in November 2025.
- Anticipate additional evidence to be found in relation to the extraordinary transaction.

Source: Media reports

(1) Assuming projected net debt of US\$58.3 million. Per Chairman Choi, internally assessed EV/EBITDA multiple ranges 7.0–9.0x; (2) Despite the claims that the acquisition value reflected MCC NFT contracts, MCC NFT was under business suspension as of Oct 2019. Given MCC NFT’s similar shareholding structure as Igneo, Igneo shareholders generated excess gain.

# A Misappropriation of Corporate Assets

## The Metals Company (“TMC”) Investment (1/2)

- In June 2025, Korea Zinc’s management invested US\$133 million (including warrants) in The Metals Company (“TMC”), a deep-sea mining company, without prior reporting to or obtaining approval from the board.
- TMC raises doubts about (i) high regulatory risks and its ability to (ii) continue as a going concern with uncertain commercial viability and persistent net losses, (iii) operate independently given its heavy reliance on global partners.

### Overview of TMC Investment



- A Canada-based deep-sea mineral mining company
- Established in 2011, listed on NASDAQ in 2021

#### Main Business

- Specializes in the seabed nodule collection and processing in the Clarion–Clipperton Zone in the Pacific Ocean
- Currently holds two exploration contracts (NORI-D and TOML) from ISA<sup>(1)</sup>

#### Korea Zinc’s Investment

Common Stock

Acquired a 4.95% stake in TMC (June 2025) at US\$4.34 per share



Warrant

Secured warrants for up to 6,868,181 shares at US\$7.00 per share within three years

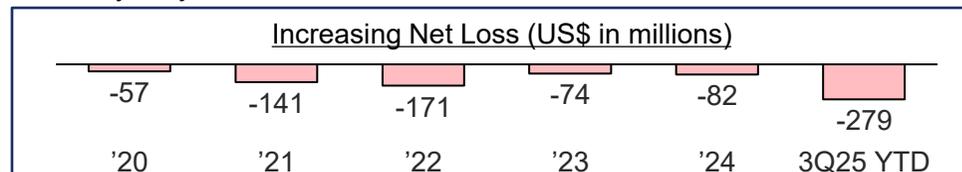
### Fundamental and Structural Flaws in Business Model of TMC

#### High Regulatory Risk

- The ISA framework under UNCLOS<sup>(2)</sup> (with around 170 member states) has not allowed commercial deep-sea mining in international waters for the past few years; TMC is seeking to bypass the ISA route by pursuing a U.S. domestic-law permit via NOAA<sup>(3)</sup>.
- However, Korea Zinc is a UNCLOS/ISA member-state company, and many critical contractors are based in ISA-member jurisdictions—so even with a U.S. permit, the project remains exposed to significant international-law, sanctions/compliance, and execution risks.

#### Uncertain Financial Prospects

- With no revenue generation, TMC continues to incur operating expenses, including exploration costs and SG&A, driving sustained losses and leaving profitability a distant prospect.
- TMC has a runway of only about two years at its current cash balance and yearly cash burn rate<sup>(4)</sup>.



#### ESG Risk

- Deep-sea mining has been criticized for causing irreversible damage to seabed ecosystems and biodiversity. International NGOs such as Greenpeace have repeatedly raised concerns.
- Investing in TMC without sufficiently assessing the environmental impact exposes the Company to significant ESG risks.

Source: Company disclosure, Media reports

(1) The International Seabed Authority; (2) United Nations Convention on the Law of the Sea; (3) National Oceanic and Atmospheric Administration; (4) Cash balance of US\$115.6 million (as of September 30, 2025), with an average annual cash burn of US\$50 million over '20–'24.

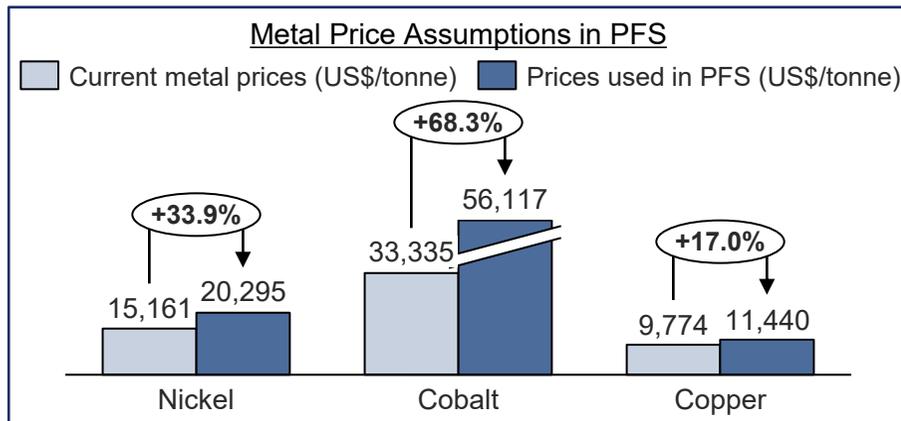
# A Misappropriation of Corporate Assets

## The Metals Company (“TMC”) Investment (2/2)

- Korea Zinc committed to the investment before the release of the Pre-Feasibility Study (“PFS”), which later proved to have significant credibility issues, including unrealistic assumptions that overstated profitability and a lack of objectivity.
- TMC appears to be repeating the path of its predecessor, Nautilus Minerals (“Nautilus”), with which it shares key management, and which exhausted investor capital and collapsed without meaningful results. TMC’s management continues to burn corporate cash while repeatedly raising external funding to cover losses and narrowly avoid insolvency.

### Inflated and Unreliable PFS Results

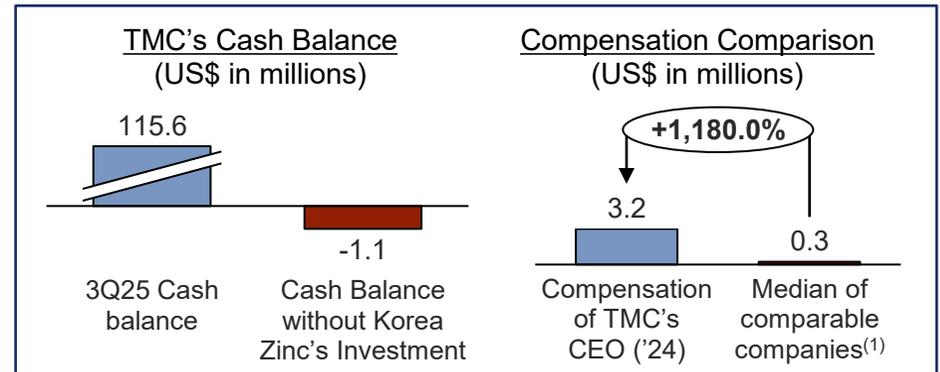
- Key assumptions, including mining and production volumes, metal prices, and metal recovery rates were overstated and unrealistic to inflate projected profitability.



- Most notably, the most critical profitability inputs—metal price and cost assumptions—were prepared by TMC employees who received substantial stock options, giving them a strong vested interest in supporting the analysis. The remaining sections were prepared by a very small consulting firm with only one or two clients, including TMC.

### TMC’s Repeated Trajectory of the Failed Nautilus

- TMC’s CEO, Gerard Barron, was an early investor in Nautilus and co-founded TMC together with Nautilus’s former CEO. Like TMC, Nautilus was a deep-sea mining company that raised US\$686 million from investors but ultimately went bankrupt without achieving any commercial mining.
- While major investors lost their entire investments, Barron and Nautilus’ CEO reportedly exited with significant personal gains (137x gain), which were then used to establish TMC.
- A similar pattern now appears to be unfolding at TMC. TMC continues to narrowly avoid insolvency by raising external investment, while management consumes cash through high levels of compensation despite delivering no progress.



Source: TMC disclosures, Iceberg Research

(1) Mining companies with less than US\$100 million in assets.

# A Misappropriation of Corporate Assets

## Sale of Hanwha Shares Below Fair Value

Pending in Court

- In 2022, Korea Zinc and Hanwha Group entered into a mutual share exchange contract to strengthen partnership. Both parties agreed on a mutual mandatory holding period of three years. The contract was reviewed and approved by Korea Zinc’s board.
- In 2024, before the holding period expired, Korea Zinc sold its Hanwha shares to Hanwha Energy at KRW27,950 per share, below both the acquisition price and fair value.
- This sale was neither reviewed nor approved by the board.

### Overview of the Investment in Hanwha

Timeline	Action	Description
11/23/2022	Mutual Acquisition of Shares between Korea Zinc and Hanwha Group	<ul style="list-style-type: none"> <li>■ Korea Zinc disposed of 238,358 treasury shares (1.20%) in exchange for 5,554,630 Hanwha shares (7.41%).</li> <li>■ Both parties were subject to a three-year mandatory holding period.</li> <li>■ The transaction, intended to strengthen the strategic partnership, was reviewed and approved by the board.</li> </ul>
11/6/2024	Signing of SPA for Sale of Hanwha Shares to Hanwha Solutions	<ul style="list-style-type: none"> <li>■ On November 6, 2024, Korea Zinc signed SPA to sell Hanwha shares at KRW27,950 per share, below both its acquisition price (KRW28,850 per share) and fair value, which should be higher than KRW30,000 per share<sup>(1)</sup>.</li> <li>■ The transaction was neither reviewed nor approved by the board.</li> </ul>

### Major Governance Failures / Issues

**Sale at below Fair Value**

- Given Hanwha Energy’s failed tender offer price<sup>(1)</sup>, the fair value of Korea Zinc’s Hanwha shares should have exceeded the sale price per SPA, particularly as the shares materially strengthened Hanwha Energy’s control for ownership succession.
- Moreover, given the mandatory holding period, the rushed sale lacked a clear business rationale and appears intended to bolster Chairman Choi’s allies ahead of a proxy contest, at the expense of Korea Zinc’s shareholders through a below-fair value sale.

**Lack of Board Resolution**

- While the acquisition was board-approved, the subsequent sale at below acquisition cost and fair value was neither reviewed nor approved.
- This asymmetric treatment suggests the board did not act to enhance the value of all shareholders.

Source: Media reports

(1) In July 2024, at a tender offer price of KRW30,000 per share, Hanwha Energy failed to acquire the targeted 8.0%, which indicates that the fair value of Hanwha share was higher than KRW30,000/share. Hanwha shares are trading at around KRW110,000 per share as of January 2026.

# B Managerial Entrenchment Despite Erosion of Shareholder Value

## Treasury Stock Disposal and Stock Issuance

- Chairman Choi disposed of 6.0% of treasury shares to friendly investors rather than retiring them and issued 9.8% of new shares to non-shareholders. The board also attempted to amend the articles of incorporation to facilitate new issuances; however, the proposal was not adopted following opposition from major shareholders, including Young Poong.
- These actions raise serious concerns that the incumbent board has pursued entrenchment measures that dilute existing shareholders to secure friendly shareholdings. This pattern underscores material governance deficiencies, particularly where management appears to prioritize the preservation of control over the maximization of shareholder value.

### Treasury Stock Disposal and Stock Issuance

Action	Description
<b>Disposal of Treasury Shares (Nov 2022)</b>	<ul style="list-style-type: none"> <li>Exchanged 3.2% of its treasury shares with LG Chem and Hanwha to establish mutual shareholdings, and sold the remaining 2.9% to Trafigura, Morgan Stanley, and Korea Investment &amp; Securities.</li> </ul>
<b>New Shares to Non-Shareholders (Aug 2022, Aug 2023)</b>	<ul style="list-style-type: none"> <li>Issued 9.8%<sup>(1)</sup> of new shares to the U.S. subsidiaries of domestic companies, Hanwha and Hyundai Motors<sup>(2)</sup>, in 2022 and 2023.</li> </ul>
<b>Attempt to amend the Articles of Incorporation (Mar 2024)</b>	<ul style="list-style-type: none"> <li>At the 2024 AGM, the Company's board proposed amending the articles of incorporation to allow the issuance of new shares to entities, beyond foreign joint ventures, to lay the basis to issue shares to entities friendly to current management.</li> </ul>

### Major Governance Failures

#### Material Shareholder Value Destruction

- Under the pretext of building strategic partnerships, incumbent board and the management sought to secure friendly shareholdings by attracting friendly shareholders in anticipation of potential proxy fights.
- Third-party private placement and reciprocal exchanges of treasury shares diluted 16% of existing shareholder value.

#### Agency Costs from Management Pursuing Private Benefits

- Despite holding a minimal ownership stake, Chairman Choi prioritized control entrenchment over shareholder value, even at the Company's expense.
- This managerial entrenchment and board oversight failure impose agency costs that undermine long-term shareholder value.

(1) Post-dilution ownership.

(2) In June 2025, the Seoul Central District Court held that Korea Zinc's issuance of 1,045,430 new common shares to HMG Global materially violated the Company's bylaws and infringed existing shareholders' preemptive rights, therefore declared the share issuance invalid.

# B Managerial Entrenchment Despite Erosion of Shareholder Value

## Self-tender Offer and General Public Offering

Under Investigation

- The self-tender offer, while purportedly aimed at enhancing shareholder value, had the opposite effect by draining the Company's cash and harming non-participating shareholders. Purchasing shares at a 70% premium to the prevailing market price<sup>(1)</sup> resulted in KRW1.6 trillion of additional debt, worsening the balance sheet and accelerating value erosion.
- The proposed general public offering, had it not been withdrawn due to overwhelming negative market reaction and regulatory intervention, would have materially diluted existing shareholders. Moreover, the Company is alleged to have planned the general public offering during the self-tender offer period without any disclosure to investors.

### Self-tender and General Public Offering

Action	Description
<b>Self-tender Offer (Oct 4, 2024)</b>	<ul style="list-style-type: none"> <li>■ In response to the Consortium's tender offer, Korea Zinc announced a W2.7 tn self-tender offer.</li> <li>■ The Company incurred W1.6 tn in debt to acquire 11.3% of its shares, reducing its cash balance by 90% from W2.0 tn to W175 bn.</li> </ul>
<b>General Public Offering (Oct 30, 2024)</b>	<ul style="list-style-type: none"> <li>■ Shortly after the self-tender offer, Korea Zinc announced a W2.5 tn public offering, which was later withdrawn amid criticism that its unfair pricing (-25% discount to self-tender offer price) would dilute shareholder value.</li> <li>■ The 29.9% share price drop on the announcement reflected market concerns over value destruction. Despite intense opposition, the Company maintained the capital increase for 14 days before ultimately withdrawing the plan.</li> </ul>

### Major Governance Failures

<b>Potential Violation of Capital Markets Act</b>	<ul style="list-style-type: none"> <li>■ Prosecutors are investigating alleged <u>Capital Markets Act violations</u> related to an undisclosed pre-planned rights offering and false self-tender offer disclosures, which could constitute fraudulent trading.</li> <li>■ Authorities conducted <u>two rounds of search and seizure</u> at Korea Zinc, its officers and related securities firms. <b><i>New Development</i></b></li> </ul>
<b>Shareholder Value Destruction</b>	<ul style="list-style-type: none"> <li>■ The self-tender offer <u>diluted non-participating shareholders</u>, reducing BPS by 10.2% and EPS by 3.6%.</li> <li>■ <u>The general public offering would have caused significantly greater dilution</u> given its 20% float size, 25% discount to the self-tender offer price, and non-pro rata structure for existing shareholders.</li> </ul>
<b>Board's Lack of Oversight</b>	<ul style="list-style-type: none"> <li>■ The incumbent <u>board failed to exercise effective oversight and prevent management from prioritizing the defense of Chairman Choi's control</u> over the protection of corporate and shareholder value.</li> </ul>

# C Escalating Legal and Regulatory Risks

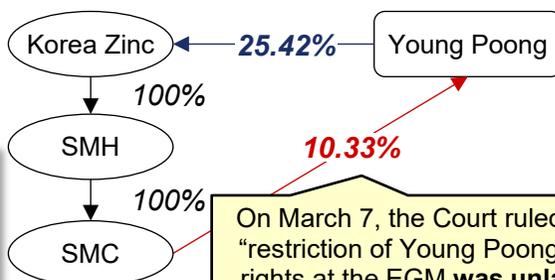
## Repeated Cross-shareholding Structures (1/2)

Under investigation

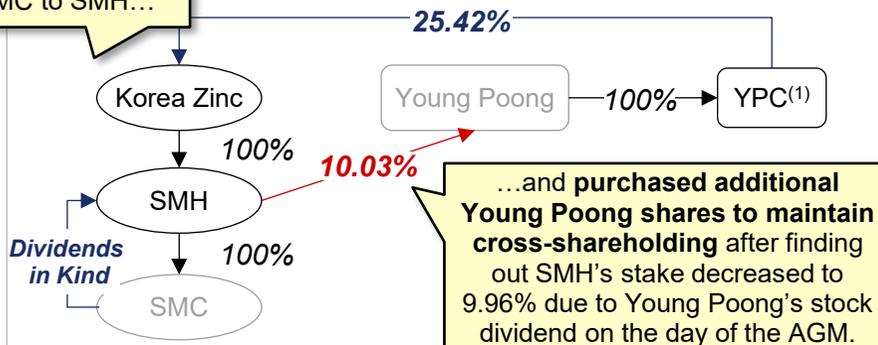
- During the last two shareholder meetings, Chairman Choi unilaterally invalidated Young Poong's 29.0% voting rights by deliberately engineering a circular cross-shareholding structure through the Company's Australian subsidiaries, Sun Metals Corporation ("SMC") and Sun Metals Holdings ("SMH").
- These repeated unlawful cross-shareholding transactions appear intended to disenfranchise Young Poong and undermine one of the shareholders' most fundamental rights—the right to vote—thereby constituting a blatant disregard for core capital markets principles.

### Repeated Illegal Cross-Shareholding Structures

At the EGM (Jan 2025)



At the AGM (Mar 2025)



### Major Governance Failures

**Cross-shareholding Structure to Unilaterally Restrict Voting Rights**

- An unlawful cross-shareholding structure was formed at both shareholders' meetings repeatedly, despite an explicit prohibition under the Fair Trade Act.
- Even after the court ruled on March 7 2025 that the EGM cross-shareholding was unlawful, the incumbent board unjustly restricted Young Poong's voting rights again.

**Misappropriation of SMC's Valuable Resources**

- SMC's acquisition of Young Poong shares was neither independent nor commercially justified, constituting a breach of fiduciary duty as substantial funds were used to entrench Chairman Choi's control.
- The KRW57.5 billion spent—44% of average annual CapEx and 342% of net income—was followed by a transfer to SMH within two months, underscoring that the transaction benefited Chairman Choi.

(1) YPC is a wholly owned subsidiary formed through a 100% in-kind contribution of Korea Zinc shares by Young Poong. Despite this proactive step to eliminate cross-shareholding voting restrictions, Korea Zinc improperly restricted the voting rights of Young Poong and YPC on the day of the AGM.

# C Escalating Legal and Regulatory Risks

## Repeated Cross-shareholding Structures (2/2)

Under investigation

- Chairman Choi and the incumbent board left a lasting stain on Korea’s corporate governance track record by engaging in schemes and tactics to entrench control—drawing widespread condemnation from the market.
- Circular ownership, widely accepted as a poor governance practice, creates a virtual portion of capital and distorts control-ownership relation, and for this reason, forming a new circular ownership has been prohibited by the Fair Trade Act since 2014.
- Despite the court decision sustaining the Company’s restriction on Young Poong’s voting rights, many expert groups pointed out that it was an apparent backward governance practice.

### Criticism from Expert Groups on Korea Zinc’s Circular Ownership

#### Glass Lewis

*“Glass Lewis criticized Chairman Choi and Korea Zinc’s management for restricting Young Poong’s voting rights through a cross-shareholding voting-rights limitation structure just one day before the January extraordinary shareholders’ meeting, stating that the move “infringes shareholder rights and prioritizes entrenchment of control above all else.” – Local news<sup>(1)</sup> citing the Glass Lewis report, March 2025*

#### Solidarity for Economic Reform<sup>(2)</sup>

*“Korea Zinc’s formation of circular ownership was solely intended to maintain Chairman Choi’s management control and went against the intention of the Fair Trade Act forbidding circular ownership to prevent maintaining or expanding controlling power through fictitious capital. The Korea Zinc case clearly proved that circular ownership formation using foreign affiliated companies could be utilized for the controlling family’s maintenance and expansion of their management control.” – Press release, February 2025*

#### Korea Corporate Governance Forum

*“We judge that Korea Zinc acquired 10% of Young Poong’s shares under the name of its fully-owned Australia-based subsidiary SMC in an attempt to avoid being subject to the provisions regarding the prohibition of cross shareholding of the Fair Trade Act. Such a decision of Korea Zinc’s management appears to violate the Fair Trade Act.” – Press release, January 2025*

Source: Media reports

(1) Marketing news, March 24, 2025.

(2) Korean independent activist group specializing in corporate governance.

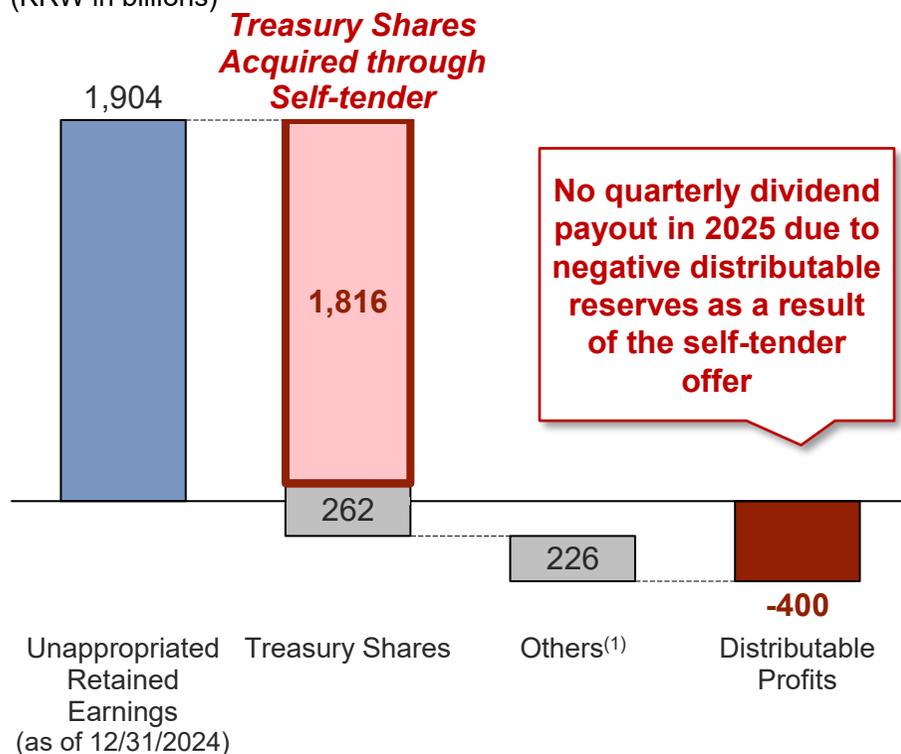
# D Compromised Shareholder Integrity

## Unrealized Dividend Commitments and Distortion of Shareholder Voting Rights

- Despite committing to quarterly dividends at the 2025 AGM, Korea Zinc failed to declare an interim or quarterly dividend, primarily due to depleted distributable profits following the self-tender. The current management has shown a pattern of seeking shareholder support when convenient, then disregarding shareholder interest after achieving their objective.
- Management allegedly colluded with the minority shareholder platform ACT to interfere with shareholder voting rights using corporate funds, while mobilizing minority shareholders to benefit the incumbent board—constituting both an infringement of shareholder rights and a serious misuse of corporate resources.

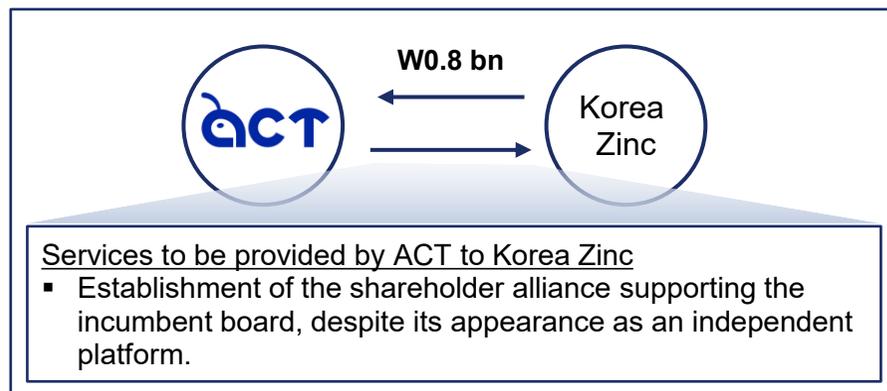
### Distributable Profits Turned Negative

(KRW in billions)



### Alleged Collusion with ACT

Under investigation



**Distortion of Shareholder Voting Rights**

- The Company interfered with the proper exercise of shareholder voting rights by artificially organizing friendly minority shareholders alliance and conducting undisclosed proxy solicitation.

**Misuse of Corporate Resources**

- Used corporate funds to induce voting proxies in favor of specific individuals, potentially in violation of the Korean Commercial Act.

Source: Company disclosure, Media reports

(1) Other items excluded from distributable profits under the articles of incorporation: unrealized gains and appropriated retained earnings.

# Ongoing Criminal Procedures Facing Chairman Choi, Management

	<b>Allegations Under Investigation</b>	<b>Criminal Allegation</b>	<b>Progress</b>
<b>One Asia Partners<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>Investment of Company's fund to a new fund run by Mr. Ji Chang-bae, a long-time acquaintance of Chairman Choi, which incurred substantial loss</li> </ul>	<ul style="list-style-type: none"> <li>Violation of the Act on the Aggravated Punishment, etc. of Specific Economic Crimes (Breach of fiduciary duty)</li> </ul>	<ul style="list-style-type: none"> <li>Investigation by the Prosecutors' Office</li> <li>Accounting inspection by the FSS<sup>(2)</sup></li> </ul>
<b>Igneo Holdings</b>	<ul style="list-style-type: none"> <li>Acquisition of Igneo for W582 bn, despite having negative equity at acquisition</li> <li>Extraordinarily excessive gains of Igneo's investors at the expense of Korea Zinc's shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Breach of fiduciary duty</li> </ul>	<ul style="list-style-type: none"> <li>Investigation by the Police Agency</li> <li>Accounting inspection by the FSS<sup>(2)</sup></li> <li>1782 discovery process by the SDNY<sup>(3)</sup></li> </ul>
<b>Cross-shareholding Formation</b>	<ul style="list-style-type: none"> <li>Formation of unlawful cross-shareholding structure at the last EGM and AGM, leveraging Korea Zinc's Australian subsidiaries (SMC and SMH)</li> </ul>	<ul style="list-style-type: none"> <li>Breach of fiduciary duty</li> <li>Violation of the Fair Trade Act</li> </ul>	<ul style="list-style-type: none"> <li>Investigation by the Prosecutors' Office and the KFTC<sup>(4)</sup></li> </ul>
<b>Self-Tender / General Public Offering</b>	<ul style="list-style-type: none"> <li>Conducting an undisclosed, pre-planned general public offering during the self-tender offer period, thereby deceiving public market investors and causing a significant price drop</li> </ul>	<ul style="list-style-type: none"> <li>Violation of the Capital Markets Act (fraudulent unfair trading)</li> </ul>	<ul style="list-style-type: none"> <li>Investigation by the Prosecutors' Office following a fast-track referral from the FSC<sup>(5)</sup></li> <li>Two rounds of search and seizure at Korea Zinc and engaged financial institutions (Apr. '25 and Nov. '25)</li> </ul>
<b>ACT</b>	<ul style="list-style-type: none"> <li>Market manipulation through collusion with the minority shareholder platform ACT to interfere with shareholder voting rights using corporate funds</li> </ul>	<ul style="list-style-type: none"> <li>Breach of fiduciary duty</li> <li>Violation of the Commercial Act</li> </ul>	<ul style="list-style-type: none"> <li>Investigation by the Police Agency</li> </ul>

(1) In addition, according to media reports, there are allegations that Korea Zinc's funds were utilized in connection with Chungho Comnet's sale of Sewon, one of its subsidiaries; (2) Financial Supervisory Services; (3) U.S. District Court for the Southern District of New York; (4) Korea Fair Trade Commission; (5) Financial Services Commission.

## 2. Limited Governance Progress Driven by MBKP–YP Intervention Since the 2025 AGM

# Post-AGM Governance: Early Improvements, Persistent Gaps

- With the support of shareholders, three MBKP-YP consortium-nominated directors were elected at last year's AGM. Their active board engagement helped restore checks and balances, delivering initial progress on governance reform.
- However, the board is still controlled by directors nominated by Chairman Choi, limiting the consortium's ability to fully resolve the governance issues it has raised; many of the same problems were recurring throughout 2025.

## Post-March 2025 AGM: Initial Board Governance Progress, Significant Gaps Remain

	Legacy Practices	Key Changes Since the 2025 AGM	Remaining Gaps
Board Participation	<ul style="list-style-type: none"> <li>■ Largely a “rubber-stamping” board, with limited challenges and debates taking place</li> </ul>	<ul style="list-style-type: none"> <li>■ Elevated the level of engagement, initiating in-depth discussions and follow-up requests on important agenda items</li> </ul>	<ul style="list-style-type: none"> <li>■ Incumbent directors <b>remain passive</b></li> <li>■ <b>Lack of support and culture of conducting thorough review</b></li> </ul>
Operating Performance Oversight	<ul style="list-style-type: none"> <li>■ Financial information reviewed primarily at a bird's-eye view, without diving into the details</li> </ul>	<ul style="list-style-type: none"> <li>■ Requested more detailed performance reporting and challenged results with detailed questions, prompting real discussions within the board</li> </ul>	<ul style="list-style-type: none"> <li>■ Reporting remains <b>ineffective</b>, and follow-up on corrective actions <b>still inconsistent</b></li> </ul>
Capital and Asset Oversight	<ul style="list-style-type: none"> <li>■ Brief ex-post reporting with limited prior board discussions, even for large-scale investments</li> <li>■ Minimal board discussions and scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>■ Pushed for prior board review and approval of material investments</li> <li>■ Highlighted the need for thorough board review and supervision over potential expenses benefiting specific shareholders</li> <li>■ Pushed for maximizing shareholder returns, including treasury stock retirement and interim dividend declarations</li> </ul>	<ul style="list-style-type: none"> <li>■ Major investments<sup>(1)</sup> were <b>presented to the board ex-post, limiting the board's ability to conduct thorough review</b></li> <li>■ Despite repeated information requests, <b>critical information was withheld</b></li> </ul>

(1) Includes investments in TMC (The Metals Company), MDSi and TSG. The TMC investment comprises US\$85.2 million in upfront investment and a three-year warrant to purchase additional shares for US\$48.3 million. The combined maximum commitment is US\$133.2 million, equivalent to 2.4% of Korea Zinc's 2024 consolidated net equity. The MDSi and TSG investments combined entailed US\$99.4 million of cash payment.

# Limited Board Engagement (1/2)

- The Consortium repeatedly sought explanations on key issues, including the questionable TMC investment, deteriorating profitability, misuse of corporate funds through commission expenses and the alleged collusion with ACT.
- However, Korea Zinc's management consistently responded defensively and passively, without providing clear answers.

## Limited Board Engagement to Key Matters

Issues	The Consortium's Claims	Management's Response																								
<p style="text-align: center;"><b>Questionable TMC Investment</b></p>	<ul style="list-style-type: none"> <li>■ Following Iceberg Research's report on the uncertainty of TMC's business prospects and potential commercial and legal risks, the Consortium directors sent multiple requests for answers from management.</li> <li>■ In particular, the Consortium raised concerns that the investment—an economically uncertain new business representing 2.4% of consolidated equity—was executed without board approval, even though smaller investments had come to the board for approval.</li> </ul> <div data-bbox="354 925 1292 1322" style="border: 1px solid black; padding: 10px; margin-top: 20px;"> <p style="text-align: center;"><u>Board Approval History of Past Investments</u></p> <p>■ Investment Amount (KRW in billions)    ○ XX% % Consolidated Equity</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Investment</th> <th>Investment Amount (KRW in billions)</th> <th>% Consolidated Equity</th> <th>Approval Status</th> </tr> </thead> <tbody> <tr> <td>TMC ('25)</td> <td>182.6<sup>(1)</sup></td> <td>2.40%</td> <td>Not Approved (Red X)</td> </tr> <tr> <td>Igneo Shares Acquisition ('22)</td> <td>149.6</td> <td>1.93%</td> <td>Approved (Green Check)</td> </tr> <tr> <td>Hyzon Motors CB ('21)</td> <td>50.0</td> <td>0.71%</td> <td>Approved (Green Check)</td> </tr> <tr> <td>Sales of Clean Korea ('21)</td> <td>32.0</td> <td>0.45%</td> <td>Approved (Green Check)</td> </tr> <tr> <td>Establishment of KZAM ('20)</td> <td>152.7</td> <td>2.23%</td> <td>Approved (Green Check)</td> </tr> </tbody> </table> </div>	Investment	Investment Amount (KRW in billions)	% Consolidated Equity	Approval Status	TMC ('25)	182.6 <sup>(1)</sup>	2.40%	Not Approved (Red X)	Igneo Shares Acquisition ('22)	149.6	1.93%	Approved (Green Check)	Hyzon Motors CB ('21)	50.0	0.71%	Approved (Green Check)	Sales of Clean Korea ('21)	32.0	0.45%	Approved (Green Check)	Establishment of KZAM ('20)	152.7	2.23%	Approved (Green Check)	<ul style="list-style-type: none"> <li>■ Management repeatedly responded that the investment was appropriate and they were not legally obligated to seek board approval since it fell below the 2.5% consolidated equity threshold. However, under Supreme Court precedents, the Commercial Act and Korea Zinc's board bylaws, matters of material importance require board approval irrespective of whether they fall below the applicable monetary threshold.</li> <li>■ The investment was reported to the board only after it had already been decided, precluding meaningful review and leaving the Company to bear the full regulatory and business risks.</li> </ul>
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Source: Company disclosure, Media reports

(1) The amount includes warrants and assumes the USD/KRW FX rate of 1,370.27 applied at the time of the initial equity investment.

# Limited Board Engagement (2/2)

- The Consortium repeatedly sought explanations on key issues, including the questionable TMC investment, deteriorating profitability, misuse of corporate funds through commission expenses and the alleged collusion with ACT.
- However, Korea Zinc's management consistently responded defensively and passively, without providing clear answers.

## Limited Board Engagement to Key Matters (cont'd)

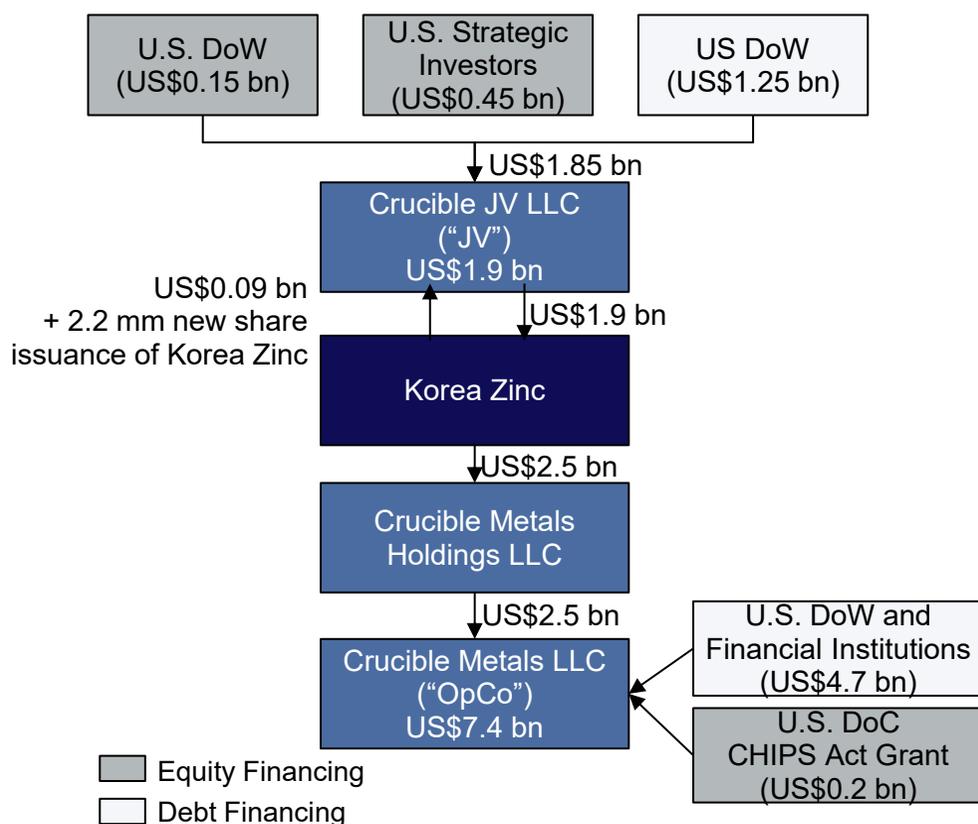
Issues	The Consortium's Claims	Management's Response																
<p><b>Sharp Increase in Commission Expenses</b></p>	<ul style="list-style-type: none"> <li>■ Standalone commission expenses increased sharply from 3Q24 amid the management dispute, leading to an <u>earnings deterioration and the company's first-ever net loss in 4Q24.</u></li> <li>■ The increase was due to legal/litigation and public relations costs incurred to <u>defend Chairman Choi's control, which were improperly charged to the Company.</u></li> </ul> <div data-bbox="354 818 1290 1089"> <p style="text-align: center;"><u>Commission Expenses (Standalone SG&amp;A)</u></p> <p style="text-align: center;">(KRW in billions)</p> <table border="1"> <caption>Commission Expenses (Standalone SG&amp;A) - KRW in billions</caption> <thead> <tr> <th>Quarter</th> <th>Expense (KRW in billions)</th> </tr> </thead> <tbody> <tr> <td>1Q24</td> <td>17.9</td> </tr> <tr> <td>2Q24</td> <td>14.2</td> </tr> <tr> <td>3Q24</td> <td>21.9</td> </tr> <tr> <td>4Q24</td> <td>36.5</td> </tr> <tr> <td>1Q25</td> <td>38.7</td> </tr> <tr> <td>2Q25</td> <td>30.2</td> </tr> <tr> <td>3Q25</td> <td>20.0</td> </tr> </tbody> </table> </div>	Quarter	Expense (KRW in billions)	1Q24	17.9	2Q24	14.2	3Q24	21.9	4Q24	36.5	1Q25	38.7	2Q25	30.2	3Q25	20.0	<ul style="list-style-type: none"> <li>■ Despite a clear increase in expenses since the onset of the management dispute, management claimed that the losses were attributable to foreign exchange losses and that the expenditures were incurred for the benefit of the Company.</li> </ul>
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3Q25	20.0																	
<p><b>Alleged Collusion with ACT</b></p>	<ul style="list-style-type: none"> <li>■ By using Korea Zinc's resources to enter into an advisory contract for management entrenchment and attacks on Young Poong, the Company may have <u>acted in violation of the Commercial Act's ban on voting-related benefits and engaged in conduct amounting to breach of fiduciary duty.</u></li> </ul>	<ul style="list-style-type: none"> <li>■ Management argued that it was merely an AGM advisory contract with a proxy consulting firm and provided no detailed information on the contract.</li> </ul>																

### 3. Project Crucible Update

# Overview of Project Crucible (1/2)

- Korea Zinc announced a US\$1.94 billion third-party private placement to help finance a new U.S. multi-metal smelter (“Project Crucible”) with 300kt/yr zinc capacity. In addition to the equity issuance, the project includes US\$5.9 billion of debt financing (KRW8.7 trillion), equivalent to 115% of Korea Zinc’s 2024 consolidated equity.
- A total of 2.2 million new shares were issued, representing 10.59% of issued shares. New shares were issued at KRW1.28 million per share, representing a 10.3% discount to the reference price.

## Transaction Structure



## Transaction Overview

<b>Overview</b>	<ul style="list-style-type: none"> <li>■ Construction of a new multi-metal smelter in Clarksville, Tennessee, with production capacity of 535kt/yr, including 300kt/yr of zinc</li> <li>■ Investment spread over four years (‘26-’29)</li> </ul>
<b>Financing Plan</b>	<ul style="list-style-type: none"> <li>■ (JV) Total US\$1.94 bn, comprising (i) US\$0.7 bn of equity (of which US\$0.09 bn from Korea Zinc) and (ii) US\$1.25 bn of debt</li> <li>■ (OpCo) Total US\$7.43 bn, comprising (i) US\$2.7 bn of equity (of which US\$2.5 bn from Korea Zinc, including proceeds from the new share issuance) and (ii) US\$4.7 bn of debt <ul style="list-style-type: none"> <li>– Korea Zinc provides a full guarantee for the debt and the CHIPS Act grant, totaling US\$5.71 bn (equivalent to 110% of 2024 consolidated equity)</li> </ul> </li> </ul>
<b>Third-party Private Placement</b>	<ul style="list-style-type: none"> <li>■ 2,209,716 new share issuance (10.59% of issued shares)</li> <li>■ Issued at KRW1.28 mm/share (10.3% discount to the reference price)</li> </ul>

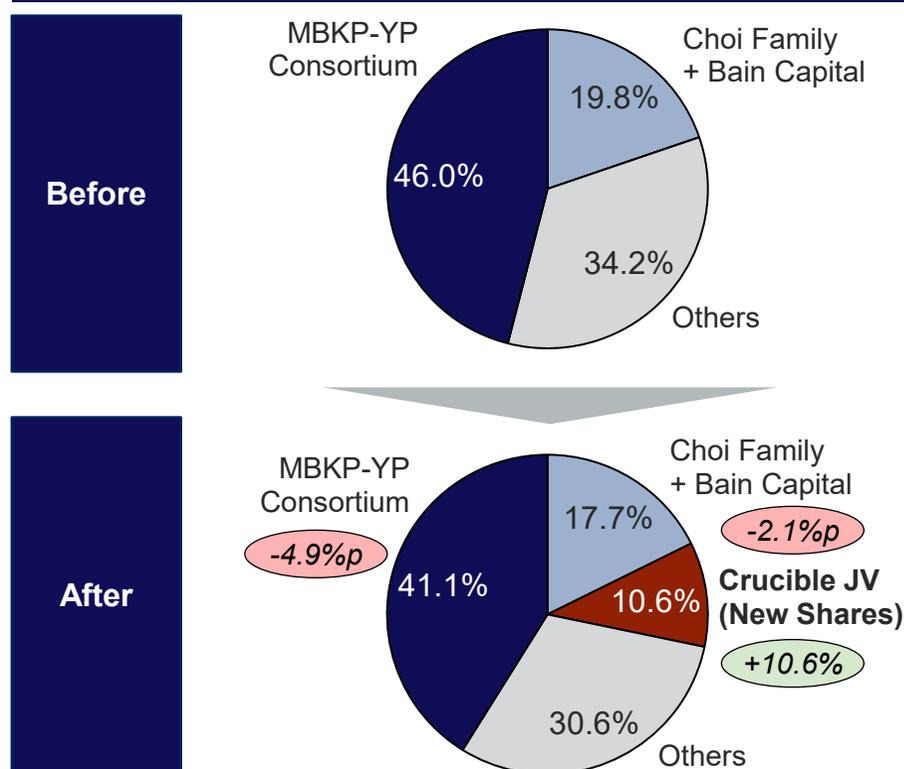
# Overview of Project Crucible (2/2)

- On December 15, 2025, the Company convened a surprise board meeting and approved a US\$1.94 billion third-party private placement, with the payment date set for December 26 (10 days later).
- Despite the size and strategic significance of the investment, discussion materials were circulated to the board on extremely short notice and the agenda was approved on the same day as the board meeting, limiting the board's ability to conduct a thorough review and deliberation. The agenda was approved on the same day of the board meeting, limiting the board's ability to conduct a thorough review and deliberation. Although the payment and share issuance have been completed, several key contractual terms have not been disclosed.

## Next Steps

<b>Timeline</b>	<ul style="list-style-type: none"> <li><b>Third-party Private Placement</b> <ul style="list-style-type: none"> <li>Dec 15, 2025: board resolution</li> <li>Dec 26, 2025: payment date</li> </ul> </li> <li><b>Project Execution</b> <ul style="list-style-type: none"> <li>2026: project preparation including regulatory approvals</li> <li>1Q2027: target start of construction</li> <li>4Q2029: target completion</li> </ul> </li> </ul>
<b>Remaining Details</b>	<ul style="list-style-type: none"> <li>Key contractual terms including (i) a warrant granted to the U.S. DoW to acquire additional shares in the OpCo, (ii) off-take rights for metals produced, (iii) the service agreement between the JV and the OpCo, and (iv) the JV profit-sharing structure have not yet been disclosed and remain subject to further negotiation<sup>(1)</sup>.</li> <li>A dividend of KRW44.2 bn is expected to be paid to the Crucible JV, which holds 10.6% of shares as of the record date<sup>(2)</sup>.</li> </ul>

## Shareholding Changes (% Issued Shares)



(1) Specific terms are under negotiation according to the equity raise disclosure as of Dec 31, 2025; (2) Record date for the 2025 dividend payout is Dec 31, 2025.  
Source: Company disclosure

# Consortium's View and Next Steps on Project Crucible

- On a standalone basis, the Consortium supports Project Crucible, as constructing a large-scale smelter in the U.S.—the world's largest end market—offers meaningful long-term growth potential and strategic value, particularly amid rising geopolitical importance of critical and strategic minerals.
- The Consortium's concern lies not with the project itself, but with process and oversight: given the scale and implications of the investment, the board was not afforded sufficient opportunity to fully assess execution risks, key decision factors, and the impact on existing shareholders' interests.
- As the Company's largest shareholder and a member of the board, the Consortium remains committed to ensuring that Project Crucible is executed prudently and contributes to sustainable value creation for Korea Zinc.

## Consortium's View

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### Scale and Global Expansion

- Project Crucible is designed to produce 300kT/year of zinc, which would make it the largest zinc smelter in the U.S. and half the capacity of the Onsan plant (the world's largest).
- Building a smelter of this scale in the U.S. materially strengthens Korea Zinc's strategic position in a key global market.

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### Critical & Strategic Minerals

- The project enhances exposure to critical and strategic minerals whose importance is rising due to supply-chain fragmentation, geopolitical tensions, and national security priorities, positioning the Company for long-term growth and strategic relevance.

-

### Process and Governance Failures

- Despite the project's scale and long-term implications, the board was not given adequate time or information to thoroughly evaluate execution risks, capital allocation trade-offs, and downside scenarios alongside management.
- In particular, the transaction's complex structuring led to a significant third-party rights issuance, materially diluting existing shareholders—an outcome that warranted fuller board-level scrutiny before final approval.

## Consortium's Plan Going Forward

### Execution Oversight and Support

- As the largest shareholder and board participant, the Consortium will actively oversee and support the remaining execution phases to ensure disciplined implementation and value realization.

### Preserving Competitiveness of Onsan

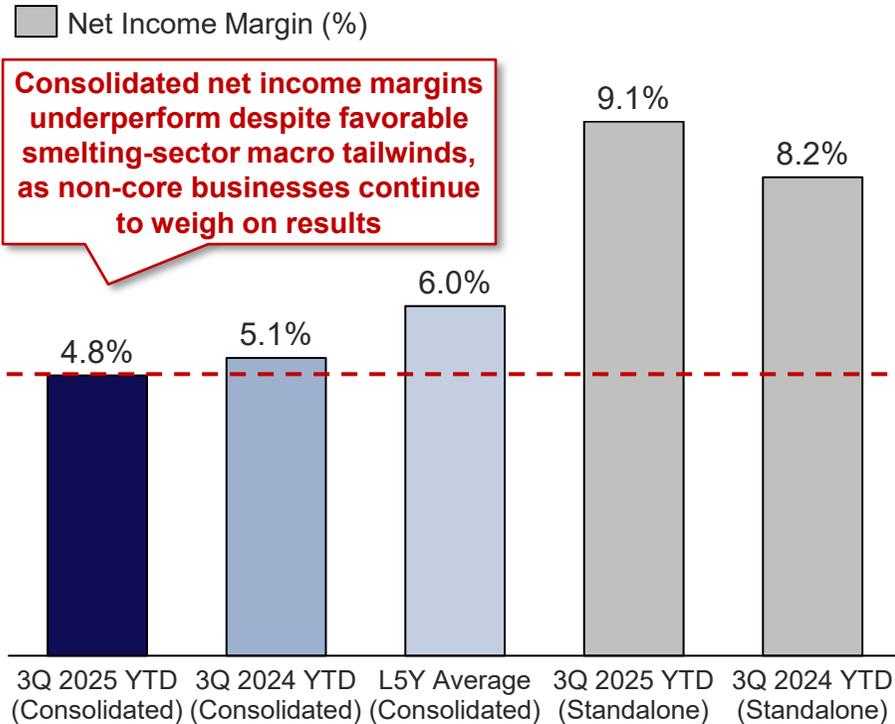
- The Consortium will assist management in carefully managing capital and key-talent allocation so that, as the U.S. project advances, the Onsan smelter continues to perform competitively and company-wide value is maximized

## 4. Governance Reform Imperatives for Korea Zinc

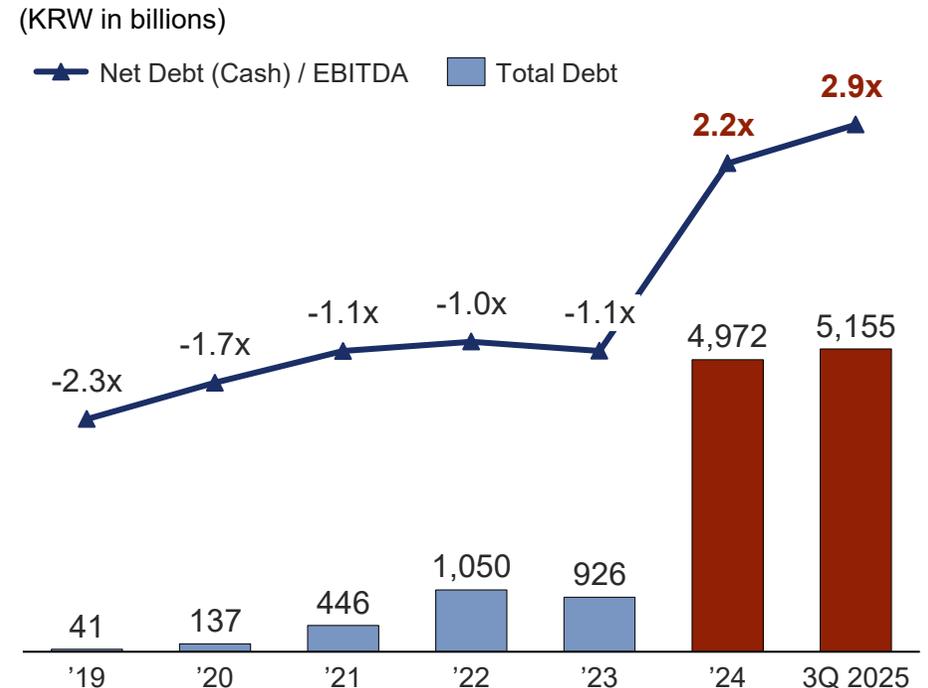
# Deteriorating Financial Stability Due to Governance Failures

- In 3Q 2025 YTD, consolidated net income margins continued to underperform despite favorable smelting-sector macro tailwinds, as non-core businesses continue to weigh on results. In fact, 3Q 2025 YTD net income margin recorded 4.8%, materially lower than (i) last five years' average of 6.0% and (ii) 3Q 2025 YTD standalone net income margin of 9.1%.
- Increased debt and interest expenses from the self-tender offer and mounting losses from failed new business investments continue to erode profits generated by the Company's core smelting business. Persistent inefficiencies in performance and capital deployment due to structural governance failures under Chairman Choi's leadership underscore the need for stricter board oversight, particularly over new investments and capital allocation.

## Net Income Margin Trend



## Sharp Increase in Total Borrowings



# Weak Underlying Fundamentals

- While the Company's reported standalone financials appear strong due to U.S. dollar appreciation and unprecedented surges in gold and silver prices (up 2.3x and 2.9x, respectively, since 2023), its underlying operating performance has remained weak. After normalizing for these macro factors, operating profit has already turned negative since 3Q 2024.
- To fully capitalize on favorable macro tailwinds and sustain resilient performance when the cycle turns, it becomes increasingly critical for the board to more rigorously scrutinize and monitor unnecessary cash leakage and risk factors arising from the use of corporate resources.

## Gold & Silver Prices and USD/KRW FX Rate Trend

(Price as of 2023/01/02 = 100)

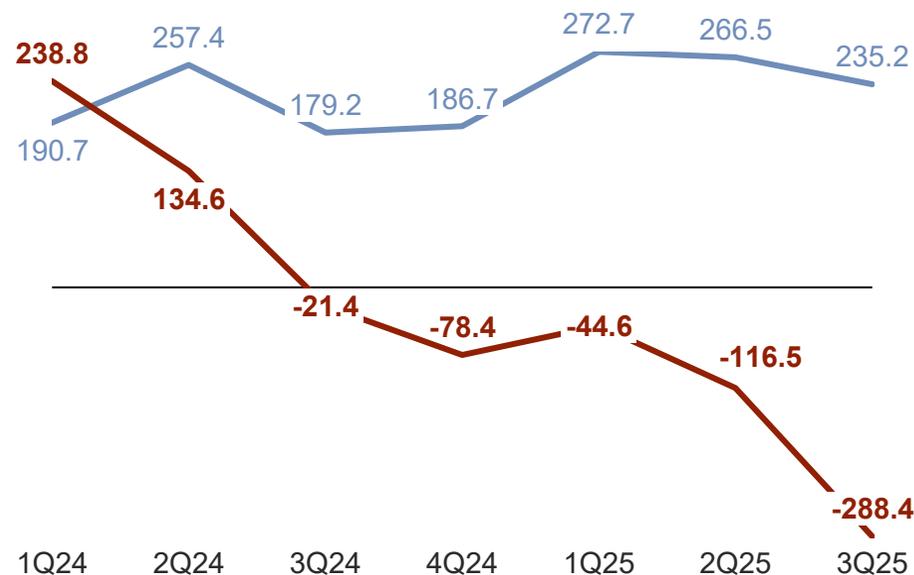
— Gold (USD/oz) — Silver (USD/oz) — USD/KRW FX Rate



## Normalized Performance Excluding Macro Effects

(KRW in billions)

— Standalone Operating Profit (Reported)  
— Standalone Operating Profit (Normalized)<sup>(2)</sup>



(1) The 2025 annual average USD/KRW FX rate was 1,422.2, surpassing the previous record high annual average of 1,394.9 recorded during the 1998 Asian financial crisis.

(2) Adjusted using the 2023 average USD/KRW FX rate of 1,305.0 and 2023 metal price levels (zinc, lead, gold, silver, copper), before the sharp price increase.

Source: LBMA (London Bullion Market Association), Seoul Money Brokerage

# Governance Reform Imperatives for Korea Zinc

- The Consortium believes that governance reforms will further enhance shareholder value at Korea Zinc.
- We aim to (i) strengthen board oversight of capital allocation, (ii) enhance scrutiny of potentially dilutive or entrenchment-driven transactions, (iii) establish a proactive governance risk management framework and (iv) restore the board's fiduciary role for all shareholders.

## Strengthen Board Oversight of Capital Allocation

- ✓ Past investments raise concerns over adequacy of board oversight.
- ✓ Require board pre-approval for material capital deployment with clear financial and strategic rationale.
- ✓ Formalize post-investment monitoring and exit planning.

## Enhance Scrutiny of Potentially Dilutive or Entrenchment-driven Transaction

- ✓ Certain transactions raise dilution and entrenchment concerns.
- ✓ Apply heightened review of dilution impact, capital structure and alternatives.
- ✓ Impose stricter fairness standards for conflict-prone transactions.



## Establish a Proactive Governance Risk Management Framework

- ✓ Recent rulings and investigations highlight governance risk at Korea Zinc.
- ✓ Implement structured board review of legal, regulatory, and reputational risks.
- ✓ Ensure timely board oversight of major investigations and disputes.

## Restore the Board's Fiduciary Role for All Shareholders

- ✓ Current board structure allows disproportionate influence by select parties.
- ✓ Strengthen independence and conflict safeguards in the board.
- ✓ Reinforce the board's role as steward of long-term shareholder value.

# Appendix

# Summary of Consortium's Board Activities in 2025 (1/3)

● Substantive Board Activity	● Board Independence/Conflict of Interest
● Investment & Risk control	● Shareholder Returns
● Expense Transparency/Asset Protection	● Governance

Meeting	Consortium's Demands/Proposals	Intended Impact
<b>Extraordinary Board Meeting (Apr. 16, 2025)</b>	<ul style="list-style-type: none"> <li>■ Rearrange the board's committees in line with the board's expansion/reorganization as decided in the 2025 EGM/AGM.</li> <li>■ Circulate discussion materials in advance and organize pre-meeting briefs to allow directors sufficient time to review materials.</li> </ul>	<ul style="list-style-type: none"> <li>● Implement the "will of the shareholders" as revealed in the shareholder meetings. Strengthen committee governance so that reappointing directors is not merely a formality.</li> <li>● Enable substantive board discussions.</li> </ul>
<b>Regular Board Meeting (May. 8, 2025)</b>	<ul style="list-style-type: none"> <li>■ Circulate board materials in advance (repeated demand).</li> <li>■ Explain the reasons behind the surge in advertising and promotion expenses and service fees.</li> <li>■ Report financial performance of major affiliates separately, explain invested amount and recovery plans for financial investments such as the investments into One Asia Partners.</li> <li>■ Confirm whether there were any plans to dispose treasury shares (including lending/borrowing voting rights) rather than canceling them.</li> <li>■ Explain (i) allegations of using company resources on lobbyists/PR agencies and (ii) prosecutorial searches and seizures involving Korea Zinc, its officers and employees.</li> <li>■ The Consortium opposed appointing an individual under criminal investigation as CEO.</li> </ul>	<ul style="list-style-type: none"> <li>● Enable substantive board discussions.</li> <li>● Enhance cost control and oversight of potential shareholder value erosion.</li> <li>● Strengthen oversight of capital allocation and improve transparency of reporting.</li> <li>● Manage compliance and reputational risk.</li> <li>● Oversee and prevent potential shareholder value erosion.</li> <li>● Strengthen oversight of potential shareholder value erosion by misappropriation of company's funds and legal risks.</li> </ul>

# Summary of Consortium's Board Activities in 2025 (2/3)

● Substantive Board Activity	● Board Independence/Conflict of Interest
● Investment & Risk control	● Shareholder Returns
● Expense Transparency/Asset Protection	● Governance

Meeting	Consortium's Demands/Proposals	Intended Impact
<b>Extraordinary Board Meeting (Jul. 4, 2025)</b>	<ul style="list-style-type: none"> <li>■ Explain key risks, including economic feasibility, patents, contracts, regulatory conditions and ESG issues related to the TMC investment (pointed out insufficient verifications).</li> <li>■ Explain why the TMC investment proposal proceeded without board or investment review committee procedures; report to the board and seek approval before making material investments.</li> </ul>	<ul style="list-style-type: none"> <li>●● Control large-scale investment risks and enforce meaningful due diligence.</li> </ul>
<b>Regular Board Meeting (Aug. 6, 2025)</b>	<ul style="list-style-type: none"> <li>■ Explain the reason behind sharp increase in SG&amp;A expenses.</li> <li>■ Explain the rationale behind additional investments in loss-making foreign subsidiaries (criticized the practice of ex-post reporting).</li> <li>■ Report internal transactions to allow objective, arm's-length review.</li> <li>■ Report items involving shareholders' interest, such as quarterly dividends under the value-up program.</li> <li>■ Provide more clarity in management's plans to recover investments in One Asia Partners.</li> <li>■ Provide the same level of information and pre-meeting briefs to non-executive directors as with outside directors.</li> </ul>	<ul style="list-style-type: none"> <li>● Enhance cost control and oversight of potential shareholder value erosion.</li> <li>● Strengthen oversight of capital allocation and enforce transparent reporting.</li> <li>●● Enable substantive board discussions.</li> <li>● Strengthen oversight of potential shareholder value erosion.</li> <li>● Strengthen oversight of capital allocation and enforce transparent reporting.</li> <li>● Enable substantive board discussions.</li> </ul>

# Summary of Consortium's Board Activities in 2025 (3/3)

● Substantive Board Activity	● Board Independence/Conflict of Interest
● Investment & Risk control	● Shareholder Returns
● Expense Transparency/Asset Protection	● Governance

Meeting	Consortium's Demands/Proposals	Intended Impact
<b>Extraordinary Board Meeting (Sep. 19, 2025)</b>	<ul style="list-style-type: none"> <li>■ Provide materials necessary to review the feasibility of domestic investments.</li> <li>■ Explain the risk of violating international law in connection with the TMC investment, thoroughly review any other legal and ESG risks.</li> </ul>	<ul style="list-style-type: none"> <li>●● Enable substantive board discussions.</li> <li>●● Control large-scale investment risks.</li> </ul>
<b>Regular Board Meeting (Nov. 5, 2025)</b>	<ul style="list-style-type: none"> <li>■ Provide an early recovery plan for corporate funds invested in a One Asia Partners fund involved in criminal activities.</li> <li>■ Explain whether service commissions and advertising/promotion expenses were used to benefit specific individuals in connection with the audit committee review of these expenses.</li> <li>■ Address concerns regarding location, regulation and possibility of excessive investment in connection with the new R&amp;D center, provide additional reporting.</li> <li>■ Address questions regarding dividends, i.e., record date, source of funding, etc. to ensure sufficient funding for future dividend payments.</li> </ul>	<ul style="list-style-type: none"> <li>● Enhance oversight of potential shareholder value erosion and legal risks.</li> <li>●● Enhance cost control and enforce transparent reporting.</li> <li>● Enable substantive board discussions.</li> <li>● Enhance oversight of potential shareholder value erosion.</li> </ul>